

# Exhibit 4

RIP RAPSON

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN

In re ) Chapter 9  
CITY OF DETROIT, MICHIGAN, ) Case No. 13-53846  
Debtor. ) Hon. Steven W. Rhodes

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The Videotaped Deposition of RIP RAPSON,  
Taken at 1114 Washington Boulevard,  
Detroit, Michigan,  
Commencing at 9:02 a.m.,  
Thursday, July 31, 2014,  
Before Rebecca L. Russo, CSR-2759, RMR, CRR.

1 RIP RAPSON

2 APPEARANCES:

3

4 GREGORY M. SHUMAKER, ESQ.

5 Jones Day

6 51 Louisiana Avenue, N.W.

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8 Appearng on behalf of the City of Detroit.

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17 Appearng on behalf of the City of Detroit.

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1 RIP RAPSON  
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Appearing on behalf of Assured Guaranty Municipal Corp.

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1 RIP RAPSON  
2 HARVEY KURZWEIL, ESQ.  
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6 New York, New York 10166  
7 Appearng on behalf of the Witness and the Kresge  
8 Foundation.

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14 ALSO PRESENT:  
15 Justin Slanec - Video Technician

1 RIP RAPSON

2 Q. -- thank you. And do you view a critical aspect of  
3 Detroit's revitalization to be the building of the  
4 city to have access to capital markets?

5 MR. SHUMAKER: Object to the form.

6 A. If I understand the question correctly, will the  
7 long-term health -- can I restate the question to make  
8 sure I'm understanding it?

13 MR. McCARTHY: Technical difficulties.

14 Just a moment.

15 Could we go off the record for a moment?

16 VIDEO TECHNICIAN: The time is 9:25 a.m.

17 We are now off the record.

18 (Off the record at 9:25 a.m.)

19 (Back on the record at 9:26 a.m.)

20 VIDEO TECHNICIAN: The time is 9:26 a.m.

21 We are back on record.

22 BY MR. MCCARTHY:

23 Q. What's your current position at the foundation?

24 A. My title is president and chief executive officer.

25 Q. And since your time at the foundation, have you always

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2 been the president and chief executive officer?

3 A. Yes.

4 Q. What are you responsible for at the foundation as the  
5 president and chief executive officer?

6 A. Quite a number of things. Maybe I can start and you  
7 can tell me where to stop.

My first layer of responsibility is to the board of directors. I have to ensure their appropriate engagement with the stewardship of the foundation. They have fiduciary and other forms of duty to the foundation under non-profit law, and I have to make sure that they have the wherewithal to be able to execute on those responsibilities.

I have the responsibility for overseeing the growth and development of the staff. When I came it was about 30. We're now about 85. So that takes a big chunk of time.

I view my responsibility as, in part, being a resource to the program areas so that I can help connect them to the best thinking and resources they need in order to be effective.

I have responsibility for internal human resources issues, internal administrative issues. I each year propose to the board a budget and a

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2 strategic operating plan. That's some of the, some of  
3 the things I do.

4 Q. How large is the board of directors of Kresge  
5 currently?

6 A. Twelve. I think we may be at eleven, but we've been  
7 about twelve. We have an opening.

8 Q. And has it been roughly twelve since the time -- since  
9 your time at Kresqe?

10 A. Yes.

11 Q. And you said the staff increased from about 30 to 85  
12 during your time at Kresge?

13 A Yes

14      0      And why was that?

15 A. It goes back to the answer I may have given you  
16 earlier -- I gave you earlier, about the change in the  
17 nature of the way we work. When we were, when we were  
18 doing capital challenge grants, you could do that with  
19 a smaller staff. You were essentially taking  
20 information from Harvard Medical School about how it  
21 proposed to build a building, and we would make a  
22 judgment about whether the gift structure of what they  
23 hoped to accomplish was adequate.

24 You could almost do that with an algorithm,  
25 frankly, and so it was a very lean staff and very

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2 BY MR. McCARTHY:

3 Q. To carry out the foundation's mission, does the  
4 foundation donate money?

5 A. It invests money. I'm not -- yes, I think, yeah.

6 Q. Well, let's talk about the -- for the City of Detroit  
7 currently, as part of the, what's been called the  
8 Grand Bargain -- do you understand what the Grand  
9 Bargain is?

10 A. I do.

11 Q. And could you tell me what that is, briefly, so we're  
12 on the same page?

13 A. I'm going to tell you what the Grand Bargain is?  
14 Okay. It is a, it is an unbelievably-complicated  
15 aggregation of resources that permits the expedient  
16 resolution of the bankruptcy.

17 Q. And as part of the Grand Bargain, has Kresge donated  
18 or invested money?

19 A. Yes --

20 Q. Okay, and would you characterize Kresge's --  
21 MR. KURZWEIL: Excuse me, I don't believe  
22 the witness finished his last answer.

23 A. I'm sorry.

24 BY MR. McCARTHY:

25 Q. I didn't mean to cut you off, go ahead.

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2 I think our, our support for them is, if I  
3 recall correctly, approximately a hundred thousand  
4 dollars a year in operating support.

5 Q. And that's a continuing amount, the hundred thousand  
6 dollars a year?

7 A. Yes.

8 Q. Is that continuing as we sit here today?

9 A. Yes.

10 Q. And when did that, I guess agreement of Kresge to  
11 provide a hundred thousand dollars, roughly, in  
12 operating support to the DIA begin?

13 A. Boy, I want to say maybe 2007, 2008, approximately. I  
14 think that's when we developed the program.

15 Q. How much money has Kresge agreed to contribute to the  
16 Grand Bargain?

17 A. A hundred million dollars.

18 Q. Is that hundred million dollars more money than Kresge  
19 has contributed to any one cause since your time at  
20 Kresqe?

21 A. To any one cause -- you mean any one institution or  
22 cause?

23 0. Let's start with institution.

24 A. Yes. I would -- could I just qualify that this  
25 hundred million dollars was not a contribution to the

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2 Detroit Institute of Art.

3 Q. How would you describe the hundred million dollars?

6 Q. And do you believe that the hundred million dollars  
7 that Kresge has agreed to contribute is in any way  
8 tied to the DIA?

9 A. Our contribution is predicated on it serving three  
10 purposes: One, to help expedite the resolution of the  
11 bankruptcy; two, to soften the blow to pensioners; and  
12 three, to help preserve the DIA's collection. So I  
13 guess the answer would be yes.

14 Q. A portion of the hundred million dollars would go, in  
15 your opinion, to the third prong of why Kresge is  
16 contributing money to the Grand Bargain?

17 MR. SHUMAKER: Object to the form.

18 MR. MORRIS: Object to the form.

19 A. I was going to object to the form, as well --

20 BY MR. MCCARTHY:

21 Q. You're entitled to.

22 A. -- in the sense that we didn't allocate money to those  
23 three prongs. We allocated money to the totality of  
24 the package.

25 O. You mentioned the first prong was to help expedite the

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2 undermining -- undergirding them.

3 Q. Outside of the Grand Bargain, has the DIA -- has the  
4 Kresge Foundation ever contributed funds during your  
5 time there to help soften the blow of pensioners in  
6 any particular municipality?

7 A. I'm hesitating, because much of what Kresge does is to  
8 try to create buffers for low-income people and  
9 opportunities for low-income people to, to enter the  
10 economic mainstream and participate fully in civic  
11 life.

12 So I think the, the objective of our  
13 foundation is to, as you've put the document to me  
14 earlier, is to improve the lives of poor and  
15 low-income children and adults.

16 So in some ways I think we've indirectly  
17 helped people who are on pensions and who aren't on  
18 pensions, but without, again, meaning to split hairs,  
19 we have never directly invested in pensioners nor are  
20 we -- again, nor is that the way we have designated  
21 these funds.

22 We have designated these funds to be part  
23 of a pool of money with multiple objectives.

24 Q. Is it fair to say that Kresge Foundation's  
25 contribution or proposed contribution to the Grand

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2 Bargain would be the most direct way that Kresge has  
3 ever contributed funds to soften the blow of  
4 pensioners since the time you've been there?

5 A. Yes.

6 Q. And why is that? Why is it that, in this instance,  
7 with the Grand Bargain, Kresge has determined to do  
8 something it hasn't done in the past during your time  
9 there, specifically with respect to softening the blow  
10 to pensioners?

11 A. The calculus that we did in making our contribution to  
12 the Grand Bargain was that it would accomplish three  
13 objectives simultaneously. We've walked through  
14 those. That was the reason for taking the action.

15 Q. Does the Kresge Foundation deem any one of the three  
16 objectives that we've talked about to be more  
17 important than the other objectives?

18 A. No. I would, I would answer it a slightly different  
19 way. I would say all three are essential. I don't  
20 think any one is more essential than the others.

21 Q. I'm trying to get at specifically the second objective  
22 that you mentioned, softening the blow to the  
23 pensioners.

24 A. Mmm-hmm.

25 Q. Are you able, as you sit here today, to answer whether

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2 Kresge would have agreed to potentially contribute to  
3 the Grand Bargain, assuming softening the blow to the  
4 pensioners was not one of the objectives?

5 A. It would not have.

6 MR. MORRIS: Objection, form.

7 BY MR. McCARTHY:

8 Q. And why is that?

9 A. Because we needed to see all three objectives  
10 satisfied.

1 Q. And why is it important for Kresge to soften the blow  
2 for the pensioners in this particular instance?

MR. SHUMAKER: Objection, form --

4 A. I think I've answered the question.

5 MR. SHUMAKER: -- asked and answered.

6 BY MR. McCARTHY:

7 Q. Outside of Kresge's desire to see all three of the  
8 objectives we've talked about, expediting the  
9 resolution of the bankruptcy, softening the blow to  
10 the pensioners, and preserving the collection at the  
11 DIA, all move forward, are there any other specific  
12 reasons you can tell me that -- as to why Kresge deems  
13 it important to have objective number two, softening  
14 the blow to the pensioners, move forward as an  
15 objective?